



# STATE EMPLOYEES HEALTH CARE COMMISSION



## ANNUAL REPORT



PLAN YEAR  
2021

**Kansas State Employees Health Care Commission  
2021 Annual Report**

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## EXECUTIVE SUMMARY

- For Plan Year (PY) 2021, including the additional employer and employee contributions, the opinion of the State Employee Health Plan (SEHP) actuaries is that the SEHP fund should have sufficient funds to pay the health care expenses for a self-funded plan covering approximately 86,000 lives for PY 2022.
- The PY2022 Open Enrollment period was October 1-31, 2021. Staff conducted ten (10) virtual personnel officer meetings via Teams for 491 representatives from State agencies and Non State Public Employer Group prior to the start of Open Enrollment. Due to COVID-19 circumstances, there were no on-site meetings held. SEHP members had access 24/7 to an on-demand webinar in video or Power Point format with full transcript that met ADA compliance. In addition, SEHP members had full access to all vendor-specific videos and materials posted on the new SEHP website. The SEHP assisted members and human resources staff with questions sent to the SEHPBenefits email box. The SEHP received a total of 1,167 emails during Open Enrollment compared to 916 for the same period in 2020.
- For PY 2021, employees had five (5) plan design options from which to choose: Plan A, a traditional Preferred Provider Organization (PPO); Plan C and Plan N, Qualified High Deductible Health Plans (QHDHPs); and Plan J and Plan Q, PPOs designed to promote member consumerism and include a Health Reimbursement Account (HRA). Plan C and Plan N members were eligible to elect a Health Savings Account (HSA) or a Health Reimbursement Account (HRA). All Health Plan options were administered by both Health Plan vendors: Aetna and Blue Cross Blue Shield of Kansas. In PY 2022, the state will no longer offer Plan Q.
- The HealthQuest (HQ) Health Center, operated by Marathon Health, opened in May 2019 and is located in the Mills Building at 901 S. Kansas Avenue, Topeka, KS. The COVID-19 pandemic created both challenges and opportunities for the Health Center, including the newly popular option of telehealth services. All SEHP members over age two (2) are eligible to use the health center services both onsite and through telemedicine. Marathon continues to partner with KDHE to offer services related to COVID-19, including Rapid and PCR testing. Under an agreement with Marathon Health, KDHE staff are currently offering COVID vaccinations to the public at the clinic location several days each week.

## BACKGROUND

The Kansas State Employees Health Care Commission (HCC) was created by the 1984 Legislature through the enactment of K.S.A. 75-6501 et seq. to “develop and provide for the implementation and administration of a state health care benefits program. . . . [It] may provide benefits for persons qualified to participate in the program for hospitalization, medical services, surgical services, nonmedical remedial care and treatment rendered in accordance with a religious method of healing and other health services.” Under K.S.A. 75-6504(b), the HCC is authorized to “negotiate and enter into contracts with qualified insurers, health maintenance organizations and other contracting parties for the purpose of establishing the state health care benefits program.”

The HCC is composed of five (5) members until June 30, 2021. Effective July 1, 2021, HB 2218 added two new members to the HCC. A member of the House Appropriations Committee is appointed by the Speaker of the House and a member of the Senate Ways and Means Committee is appointed by the President of the Senate to service. The bill also changed the requirement for the active employee and retired state employee to serve. The change for employees and retirees eliminated the requirement of the appointee being from the classified service to requiring them to be enrolled in the state healthcare benefits medical insurance program. The Secretary of Administration and the Commissioner of Insurance continue to serve as members of the HCC as mandated by statute, while the Governor appoints the three members. K.S.A. 75-6502 requires one member to be a representative of the general public, one member to be a current state employee enrolled in the state healthcare medical benefits program, and one member to be a retired state employee enrolled in the state healthcare medical benefits program. The HCC met seventeen (17) times during 2021 for seven (7) regular meetings, four (4) special meetings, four (4) closed meetings, one (1) public modeling session and one (1) public hearing. The 2021 HCC members were:

**DeAngela Burns-Wallace** Chair and Secretary of Administration

**Jose Castillo**, active employee from the classified service ending 8/1/2021

**Rebekah Gaston**, active employee beginning 8/16/2021

**Steve Dechant**, retired employee

**Ximena Garcia, M.D.** representative from the general public ending 3/9/2021

**Vermelle Brown-Ghoston, D.D.S.** representative from the general public beginning 4/26/21 ending 7/14/2021

**Sandy Praeger** representative from the general public beginning 8/16/21 and ending 10/13/2021

**Anthony Hensley** representative from the general public starting 10/14/2021

**Vicki Schmidt**, Commissioner of Insurance

**Brenda Landwehr**, representative from the House Appropriations Committee starting 7/1/2021

**Carolyn McGinn**, representative from the Senate Ways and Means Committee starting 7/1/2021

An Employee Advisory Committee (EAC) assists the HCC. It is composed of 21 members, 18 of whom are active employees and three who participate through Direct Bill. Members are selected on the basis of geographic location, agency, gender, age, and plan participation in order to ensure a balanced membership representing a broad range of employee and Direct Bill member interests. Each member serves a three-year term. (See Exhibit A.) The EAC met six times during 2021.

Effective July 1, 2020, Governor Kelly’s Executive Reorganization Order No. 45 moved the staff that administers the State Employee Health Plan from the Department of Health and Environment to the new Division of the State Employee Health Benefits Plan, inclusive of the State Employee Health Plan (SEHP) and the State Self Insurance Fund (SSIF), under the Department of Administration. The Director of the State Employee Health Benefits Plan (SEHBP) reports directly to the Secretary of Administration. The SEHP is responsible for bringing recommendations to the HCC and carrying out the operations of the SEHP. For the sixth year in a row, Segal Consulting provided the actuarial and consulting services for the SEHP.

## **I. SUMMARY OF CHANGES AND OTHER ACTIVITIES IN PLAN YEAR 2021**

This section provides a summary of improvements, changes, and other activities in the State Employee Health Plan (SEHP) offerings approved by the HCC in 2020, for implementation in Plan Year (PY) 2021, which began January 1, 2021 (i.e., calendar year 2021). The summary includes a record of the HCC's contracting activities during the year and an overview of the enrollment trends during 2021. The HealthQuest program is highlighted separately in Section III of this report. The impact of these plan changes on SEHP finances in 2021 and in future years is summarized in Section IV.

### **HEALTH PLAN ADMINISTRATION**

This was the first year of the HCC's three-year contract with each vendor for administrative services. The following vendors provided administrative and network services for all five of the active SEHP programs in 2021:

- Aetna
- Blue Cross and Blue Shield of Kansas (BCBSKS)

### **HEALTH PLAN CHANGES**

The HCC voted to decrease the plan deductible for employee plus children and employee plus family coverage tiers from three deductibles to two. The Plan Year 2021 deductible amounts were \$1,000 for single and \$2,000 for employee plus dependent family member(s) coverage. The maximum deductible for a membership covering two or more people was \$2,000.

The HCC voted to increase the employer contribution by 3%. For employee contributions, the commission made no change in the employee only and employee plus children tier rates for 2021. The employee contributions for employee plus spouse and the family coverage tiers were decreased by 2%. The coverage tiers that included spouses have experienced substantial increases over the prior five years and the HCC wanted to provide some additional relief to those members. Dental rates were increased about 3% for all coverage tiers. The HCC voted to expand the preferred lab program by including the University of Kansas Health System (TUKHS) as a preferred lab vendor.

### **Medicare Eligible Direct Bill Plan Changes**

The Health Care Commission added additional standardized Medicare Supplement plan options for Medicare eligible retirees from Blue Cross and Blue Shield of Kansas (BCBSKS) starting in PY 2019. These plan options continue for PY 2021; however, due to federal law, enrollment in the Medicare Supplement Plan C option or C Select option were only available to Direct Bill members who were Medicare eligible prior to calendar year 2020. In addition to the Medicare Supplement plans, Medicare eligible Direct Bill members had the option to enroll in a Medicare Part C plan, also known as a Medicare Advantage plan. Medicare eligible members for 2021 had the choice of three Advantage plan options from Aetna.

Members enrolled in the Medicare Supplement plan options through BCBSKS also had the option to enroll in a Medicare Part D prescription drug plan through SilverScript. SilverScript offers members the choice of two plan design options:

- Premier - the enhanced Part D benefit that has been offered in the past.
- Economy – a new market price competitive Part D option

Complete details on all the Medicare plan offerings for Direct Bill members can be found at:

[https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/open-enrollment/2021/2021-books/sehp-retiree-and-direct-bill-enrollment-guide-accessible.pdf?sfvrsn=f0edd8b5\\_6](https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/open-enrollment/2021/2021-books/sehp-retiree-and-direct-bill-enrollment-guide-accessible.pdf?sfvrsn=f0edd8b5_6)

### **OPEN ENROLLMENT FOR PLAN YEAR 2021**

The Open Enrollment period was held from October 1-31, 2020. Staff conducted ten (10) virtual personnel officer meetings via GoToWebinar for 412 representatives from State agencies and the Non State Public Employer Group prior to the start of Open Enrollment. Due to COVID-19 circumstances, there were no onsite meetings held. SEHP members had access 24/7 to the on-demand webinar and Open Enrollment presentation in video or Power Point format with full transcript that met ADA compliance. In addition, SEHP members had full access to all vendor-specific videos and materials posted on the new SEHP website. With the transition from KDHE to the Department of Administration, the SEHP introduced a new website to members, designed to be more user-friendly, and simpler to navigate. In addition, the new website included many easy-to-use hyperlinks to our vendors' websites.

The SEHP assisted members and human resources staff with questions through emails to the SEHPBenefits email box. 791 emails were received during Open Enrollment compared to 487 for the same period in 2019. The increase was largely due to no in-person enrollment meetings being held. Members had access to ASK ALEX,” an interactive decision tool to assist in the determining their enrollment selections for medical, dental, vision, voluntary benefits and flexible spending account participation. This was the third year members were offered the “ASK ALEX,” tool and 7,183 distinct members utilized it during Open Enrollment. While this number is a decrease from the prior year, much of the decrease may be attributed to the fact that there were few benefit changes for 2021 and the employee share of the premiums either remained the same or decreased for 2021.

This was the fourth consecutive year for the Plan to hold an Active Enrollment process, meaning all employees were required to evaluate their plan options and make coverage elections through the Membership Administration Portal (MAP). During the Open Enrollment, 38,303 State and Non State Public Employer Group employees utilized MAP to elect their health plan coverage for Plan Year 2021. A total of 1,021 employees (964 State employees and 57 Non State employees) did not actively engage and were enrolled by default into Plan N with an HRA for Plan Year 2021. There were 277 employees in this group that were enrolled in Plan N in Plan Year 2020.

Final Health Plan enrollment numbers as of November 18, 2020, for State and Non State active employees were as follows:

Vendor	Plan A	Plan C	Plan J	Plan N	Plan Q	Waived
Aetna	1,192	971	114	384	81	
BCBSKS	15,530	15,076	570	2,940	380	
<b>Total</b>	<b>16,772</b>	<b>16,047</b>	<b>684</b>	<b>3,324</b>	<b>461</b>	<b>4,909</b>

Dental enrollment numbers for the State and Non State Public Employer Group employees:

Vendor	Enrolled	Waived
Delta Dental	36,889	5,308

Flexible Spending Accounts (FSA) for State employee only enrollment numbers:

Vendor	FSA Plan	Enrolled
NueSynergy	Health Care	5,308
	Limited Purpose	1,651
	Dependent Care	1,240
	<b>Total</b>	<b>8,199</b>

Vision enrollment numbers for State and Non State Public Employer Group employees:

Vendor	Plan	Enrolled	Waived
Surency Life & Health	Basic Plan	8,821	
	Enhanced Plan	21,436	
	<b>Total</b>	<b>30,257</b>	<b>11,003</b>

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan		\$10,000 Option	\$20,000 Option
The Hartford	Accident Insurance	10,516		
	Critical Illness		3,761	4,655
	Hospital Indemnity		4,723	2,644

## Direct Bill

The Direct Bill member Open Enrollment was held from October 16 - November 15, 2021. Due to COVID-19, a video of the 2021 Open Enrollment presentation was posted on the SEHP website for members to view at their convenience. This was the 11<sup>th</sup> year for retirees to have the option to use the online Membership system for Open Enrollment. Direct Bill members who needed assistance had the option to call the Call Center for their enrollment changes. Those members who elected to make no health plan enrollment changes did not need to take any action, as their current election rolled forward for Plan Year 2021.

**Plan Year 2021 enrollment numbers for all Direct Bill members as of November 24, 2020:**

**Direct Bill Pre-Medicare Enrollment:**

<b>Vendor</b>	<b>Plan A</b>	<b>Plan C</b>	<b>Plan J</b>	<b>Plan N</b>	<b>Plan Q</b>
Aetna	6	5	0	0	1
BCBSKS	127	205	4	24	22
<b>Total</b>	<b>133</b>	<b>210</b>	<b>4</b>	<b>24</b>	<b>23</b>

**Direct Bill Medicare-Eligible Enrollment:**

<b>Vendor</b>	<b>Senior Plan C</b>	<b>Senior Plan C Select</b>	<b>Senior Plan G</b>	<b>Senior Plan G Select</b>	<b>Senior Plan N</b>
BCBSKS	7,045	442	246	51	194

**Direct Bill Medicare Part D Prescription Drug Plan Enrollment:**

<b>Vendor</b>	<b>Premier</b>	<b>Economy</b>
SilverScript	1,950	221

**Direct Bill Medicare Advantage Plan Enrollment:**

<b>Vendor</b>	<b>Advantra Freedom PPO</b>	<b>Advantra Liberty PPO</b>	<b>Advantra Elite PPO</b>
Aetna	607	63	135

**Direct Bill Members Enrollment:**

<b>Vendor</b>	<b>Dental</b>	<b>Basic Vision</b>	<b>Enhanced Vision</b>
Delta Dental	8,702		
Surency Vision		1,119	4,325

**NON STATE PUBLIC EMPLOYERS**

K.S.A. 75-6506(c) authorizes the Kansas State Employees Health Care Commission to designate by rules and regulations the inclusion of public schools and certain local governmental entities into the SEHP. The following chart shows the enrollment by type of eligible group as of January 1, 2021:

<b>Summary</b>	<b>Number of Groups</b>	<b>Covered Employees</b>
Educational Entities	20	1,445
Cities	39	216
Counties	14	1,413
Townships	1	1
Public Hospitals & Community Mental Health Centers	16	1,031
Misc. Local Governmental Entities	42	211
<b>Total</b>	<b>132</b>	<b>4,317</b>

**ADDITIONAL HEALTH PLAN OFFERINGS**

**Preferred Lab Services**

The SEHP has negotiated discount pricing arrangements with three preferred labs vendors. The negotiated discount pricing offered by the preferred lab vendors results in a cost savings to the Health Plan and the members. The three preferred lab vendors available to members are: Quest Diagnostics that offers a statewide and nationwide preferred lab network, Stormont-Vail Healthcare, Inc. and the

University of Kansas Health System (TUKHS) are the regional preferred lab vendors. Members on Plan A have the option of using a preferred lab vendor for covered lab services, with the covered lab charges paid 100% by the Plan.

For Plans C, J, N and Q, the benefit works differently due in part to federal guidelines that govern Qualified High Deductible Health Plans (QHDHPs) such as Plans C and N. For Plan C, J, N and Q members who use either of the preferred lab vendors for covered lab work, they will receive the negotiated discount price for covered lab services while in the deductible phase. Once their deductible has been satisfied, covered lab services provided by a preferred lab vendor are paid at 100% by the Plan. Using the preferred lab benefit is optional. Members have coverage for covered lab services when provided by other lab providers, subject to the applicable plan deductible and coinsurance.

### **Prescription Drug Coverage**

The HCC continued its multi-tiered coinsurance plan design for the prescription drug plan. The plan design encourages and rewards cost-effective consumer purchases through coinsurance. On Plan A, prescription drugs are not subject to the plan deductible. Members pay coinsurance for their prescriptions and their coinsurance accumulates toward the combined medical and pharmacy out of pocket maximum. On Plans C, J, N and Q, prescriptions are treated like any other medical service and are subject to the plan's combined medical and pharmacy deductible. Once the deductible is satisfied, coinsurance applies to purchases and accumulates toward the combined medical and pharmacy out of pocket maximum. Through proactive plan management, and increased consumer awareness, the generic dispensing rate has continued to be above 80%.

### **SmartShopper**

The Sapphire SmartShopper program for all active BCBSKS members started June 1, 2018, and continues to be available to BCBSKS members. The Health Plan worked with BCBSKS and Sapphire to identify medical procedures where shopping for the service can reduce the cost of care, saving the Health Plan and the member money. For these identified services, when a member calls a SmartShopper Personal Assistant for shopping help or visits the BCBSKS website and searches for a health care provider before they receive the service, they can see the estimated cost for the service at different facilities offering the care. If they choose to use the lower cost facilities for services, they will be eligible for a cash reward for shopping. Information on the SmartShopper program can be found at:

[https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/vendor-documents/bcbs/2022/2022-smartshopper.pdf?sfvrsn=66bdef5f\\_2](https://healthbenefitsprogram.ks.gov/docs/default-source/site-documents/sehp/vendor-documents/bcbs/2022/2022-smartshopper.pdf?sfvrsn=66bdef5f_2)

### **Long Term Care Insurance**

The SEHP offers a Voluntary Group Long Term Care (LTC) Insurance program through Acsia Partners in partnership with LifeSecure Insurance Company. The program is offered to State of Kansas benefits-eligible active employees, retired employees, and their family members. The Long Term Care Insurance cost is paid entirely by the employee.

### **Flu Shot Clinics**

The SEHP partnered with the KDHE Division of Disease Control and Prevention to provide state employees and their families flu shot clinics throughout the state. Through the program, 74 flu shot clinics were held in 64 locations and 2,586 flu shots were provided.

<b>Member Type</b>	<b>Flu Shots Given</b>
Employee	2,045
Spouses	461
Dependents	80
<b>Total</b>	<b>2,586</b>

### **HEALTHQUEST HEALTH CENTER**

During the 2017 Legislative Session, a proviso was passed to establish an onsite employee health center in Topeka under the Department of Administration. The Department of Administration released an Invitation for Bids (IFB) but did not receive any bids meeting the requirements. As the Secretary of the Department of Administration also serves as HCC chair, the Secretary met with the legislative committee and agreed to take the proposed project to the HCC Commissioners for consideration as an HCC project. The Commissioners recognized the onsite health center as an opportunity for the SEHP to offer high-quality, value-added services to employees while reducing medical and drug claim costs for the members. Following negotiations with potential vendors, a contract was awarded to Marathon Health for an onsite health clinic.



The HealthQuest (HQ) Health Center is located in the Mills Building at 901 S. Kansas Ave., Topeka, KS. The clinic opened the first week of May 2019. Marathon Health has staffed the clinic with a physician, two nurse practitioners, a mental health provider, a health coach and three medical assistants. The SEHP utilized its preferred lab agreement with Stormont Vail Health to provide for the third-party lab services to the HQ Health Center. The COVID-19 pandemic has affected utilization of in-person health services at the health



center. To address member needs, telehealth services were launched to provide greater access to health care. Marathon partnered with the SEHP and began offering curbside COVID PCR testing to state employees that began in June 2020. In November 2020, COVID testing was expanded to include

drive thru Rapid and PCR testing of all State and Non State public employees served by the SEHP and was then further expanded to include spouse and dependent children of State and Non State employees covered under the SEHP. More information about the health center is available at: <https://healthbenefitsprogram.ks.gov/sehp/vendors/healthquest-health-center>

State employees who have visited the HQ Health Center have provided positive feedback regarding their experience. After each visit, the patient is sent a survey to assess their experience. The health center has received feedback indicating 98.7% "satisfied" or "very satisfied" with their care.



#### RE-CONTRACTING FOR HEALTH PLAN VENDORS AND SERVICES

The HCC issued several Request for Proposals (RFPs) during Plan Year 2021:

**Request for Proposal (RFP) number EVT0007939 for Actuarial and Consulting Services** was released on March 9, 2021, and closed April 15, 2021. Four bids were received from Aon Consulting, Inc.; Gallagher Benefit Services, Inc.; Lewis & Ellis, Inc.; and the Segal Company. All four bidders were invited for further negotiations. The HCC voted to award a three-year contract for actuarial and consulting

services to The Segal Company.

**Request for Proposal EVT0007735 for COBRA Administration** was released on November 24, 2020, and closed January 5, 2021. Five bids were received from Ameriflex, Discovery Benefits, iTedium, Surency Life and Health Insurance Company and Total Administrative Service Corp. (TASC). Discovery, iTedium, Surency and TASC were invited for further negotiations. The HCC voted to award a three-year contract for COBRA administration to iTedium.

**Request for Proposal EVT0007763 for Dental Plan Administration** was released on December 23, 2020, and closed February 18, 2021. Two bids were received from Blue Cross Blue Shield of Kansas and Delta Dental of Kansas. Both companies were invited for further negotiations. The HCC voted to award a three-year contract for dental plan administration to Delta Dental.

**Request for Proposal EVT0007797 to provide HRA and HSA Administration** was posted on December 17, 2020 and closed on January 20, 2021. Seven bids were received. Four vendors; ASI Flex, MetLife, NueSynergy and TASC were invited to further negotiation meetings. The HCC voted to award a three-year contract for HRA and HSA Administration to MetLife.

**Request for Proposal RFP EVT0008104 to provide Medicare Advantage Insurance** was posted on June 25, 2021 and closed on July 28, 2021. Two bids were received from Aetna and Humana. Both companies were invited for further negotiations. The HCC voted to award a three-year contract for Medicare Advantage Insurance to Aetna.

**Request for Proposal (RFP) EVT0008083 to provide Medicare Supplement Insurance** was posted April 30, 2021 and closed June 1, 2021. One bid was received from Blue Cross Blue Shield of Kansas (BCBSKS). SEHP staff held negotiation meetings with BCBSKS. The HCC voted to award a three-year contract for Medicare Supplement Insurance to BCBSKS.

**Request for Proposal EVT0007764 to provide Voluntary Vision Insurance** was posted on December 23, 2020 and closed February 19, 2021. Four bids were received from Avēsis a Guardian Company, Metropolitan Life Insurance Company, Surency Life and Health Insurance Company, and Vision Service Plan (VSP). All four vendors were invited for further negotiations. The HCC voted to award a three-year contract for voluntary vision insurance to Avēsis.

The HCC also voted to award one year contract extensions to Marathon Health for population health management at the HealthQuest Health Center and Acsia Partners LLC for voluntary long term care insurance.

## **II. SUMMARY OF CHANGES FOR PLAN YEAR 2022**

This section includes a summary of Health Plan offerings approved by the HCC in 2021 for implementation in Plan Year (PY) 2022, which began January 1, 2022.

### **HEALTH PLAN ADMINISTRATION**

This was the second year of the HCC's three-year contract with each vendor for administrative services. The following vendors will provide administrative and network services for all four (4) of the active SEHP programs in 2022:

- Aetna
- Blue Cross and Blue Shield of Kansas (BCBSKS)

### **HEALTH PLAN CHANGES**

The HCC voted to make several changes to Plan A for 2022. The HCC voted to decrease the Plan A deductible to \$900 for single and \$1,600 for family coverage and reduce the Out of Pocket (OOP) maximum to \$5,250 for single and \$10,500 for family coverage. The office visit copayment with a primary care provider was also reduced to \$30 per visit.

The HCC voted to also reduce the Plan C OOP maximum to \$4,500 for single and \$9,000 for family coverage and to eliminate Plan Q for PY 2022. Plan Q has had low enrollment since it was introduced in 2018. Members will have the choice of four (4) medical plan options for PY 2022: Plans A, C, J and N.

For the prescription drug benefit available on all (4) four medical plans, the HCC voted to reduce the member's prescription drug coinsurance for two classes of medications. The Preferred Brand Name Drug coinsurance will be subject to 35 percent coinsurance and Non Preferred Brand Name Drugs will be subject to 60 percent coinsurance.

The HCC voted to keep the contribution rates for the employee and employee/children medical coverage tiers the same for PY 2022, while employee/spouse and employee/family coverage tiers will be reduced by two (2) percent. The employer contribution rates will increase effective July 1, 2022, by five (5) percent for medical coverage. Dental plan contribution rates for employees and the employer will increase 3.3 percent. The employee dental rate will increase on January 1, 2022, and the employer rate will increase on July 1, 2022.

Administration for Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA) will move to MetLife and the voluntary vision insurance coverage primarily providing coverage for lenses, frames, and contact lenses will be done by Avēsis.

### **Medicare Eligible Direct Bill Plan Changes**

The Health Care Commission added additional standardized Medicare Supplement plan options from Blue Cross and Blue Shield of Kansas (BCBSKS) for PY 2019. These plan options continued for PY 2021; however, due to federal law, enrollment in the Medicare Supplement Plan C option or C Select option are only available to Direct Bill members who were Medicare eligible prior to calendar year 2020. In addition to the Medicare Supplement plans, Medicare eligible Direct Bill members had the option to enroll in a Medicare Part C plan, also known as a Medicare Advantage plan. Medicare eligible members for 2022 have the choice of two Medicare Advantage options from Aetna.

Members enrolled in the Medicare Supplement plan options through BCBSKS also have the option to enroll in a Medicare Part D prescription drug plan through SilverScript. SilverScript offers members the choice of two plan design options:

- Premier - the enhanced Part D benefit that has been offered in the past.
- Economy – a market price competitive Part D option

Complete details on all the Medicare plan offerings for Direct Bill members can be found at:

**[HTTPS://HEALTHBENEFITSPROGRAM.KS.GOV/DOCS/DEFAULT-SOURCE/SITE-DOCUMENTS/SEHP/OPEN-ENROLLMENT/2022/2022-DB-OE-GUIDE-6---FINAL.PDF?SFVRSN=15AA2B03\\_2](https://HEALTHBENEFITSPROGRAM.KS.GOV/DOCS/DEFAULT-SOURCE/SITE-DOCUMENTS/SEHP/OPEN-ENROLLMENT/2022/2022-DB-OE-GUIDE-6---FINAL.PDF?SFVRSN=15AA2B03_2)**

## **OPEN ENROLLMENT FOR PLAN YEAR 2022**

The Open Enrollment period was October 1 to November 5, 2021. Staff conducted 12 virtual personnel officer meetings via Teams for 491 representatives from State agencies and the Non State Public Employer Group prior to the start of Open Enrollment. Due to COVID-19 circumstances, there were no formal in-person meetings held. However, there were two Benefit Fair Open House Events held outside the steps of the State Capitol with an estimated 450-550 attendees. The SEHP Website was redesigned for easier access for SEHP members, and simpler navigation during Open Enrollment. SEHP members had access 24/7 to the on-demand webinar and Open Enrollment presentation in video or Power Point format with full transcript that met ADA compliance. In addition, SEHP members had full access to all vendor-specific videos and materials posted on the SEHP website.

The SEHP assisted members and Human Resources staff with questions through emails to the SEHBPBenefits email box. 1,167 emails were received during Open Enrollment this year compared to 916 for the same period in 2020. The increase can be largely attributed to several vendor and benefit changes/improvements for 2022, and a contentious contract negotiation between one of the medical plan administrators and a hospital system during this year's Open Enrollment period.

This was the fourth year members had access to an interactive decision tool to assist in the determination of enrollment selections for medical, dental, vision, voluntary benefits, and flexible spending account participation. The "ASK ALEX," tool was accessed by 10,143 unique members during Open Enrollment. This number is an increase of 2,960 from last year and is attributed to the fact there were key benefit changes/improvements for 2022, and enhanced communication to members on the tool, as well as due to no formal OE meetings being held.

This was the fifth consecutive year all active employees were required to make enrollment elections during Open Enrollment for health plan coverage. During the OE period, 36,445 State and Non State Public Employer Group employees utilized the online membership system (MAP) to make their elections for Plan Year 2022. A total of 510 employees (457 employees from state agencies and 53 from the Non State Public Employer Group) did not actively engage in the enrollment process and were enrolled in Plan N with an HRA for 2021. There were 172 employees in this group that were already enrolled in Plan N during 2021.

**Final Health Plan enrollment numbers as of November 18, 2021, for State and Non State active employees were as follows:**

### **Medical Plan Enrollment numbers for State and Non State Public Employer Group Employees**

<b>Vendor</b>	<b>Plan A</b>	<b>Plan C</b>	<b>Plan J</b>	<b>Plan N</b>	<b>Waived</b>
Aetna	1,397	1,189	130	399	
BCBSKS	15,299	14,832	569	2,639	
<b>Total</b>	<b>16,696</b>	<b>16,021</b>	<b>699</b>	<b>3,038</b>	<b>4,937</b>

### **Dental enrollment numbers for the State and Non State Public Employer Group employees:**

<b>Vendor</b>	<b>Enrolled</b>	<b>Waived</b>
Delta Dental	36,113	5,269

### **Flexible Spending Accounts (FSA) for State employee only enrollment numbers:**

<b>Vendor</b>	<b>FSA Plan</b>	<b>Enrolled</b>
NueSynergy	Health Care	5,085
	Limited Purpose	1,643
	Dependent Care	1,263
	<b>Total</b>	<b>7,991</b>

### **Vision enrollment numbers for State and Non State Public Employer Group employees:**

<b>Vendor</b>	<b>Plan</b>	<b>Enrolled</b>	<b>Waived</b>
Avēsis	Basic Plan	8,277	
	Enhanced Plan	21,617	
	<b>Total</b>	<b>29,894</b>	<b>11,489</b>

Voluntary Benefit Plan enrollment numbers:

Vendor	Plan		\$10,000 Option	\$20,000 Option
The Hartford	Accident Insurance	11,251		
	Critical Illness		3,828	4,825
	Hospital Indemnity		5,077	2,8898

### Direct Bill

The Direct Bill member Open Enrollment was held from October 16 - November 15, 2021. Due to COVID-19, a video of the 2022 Open Enrollment presentation was posted on the SEHP website for members to view at their convenience. Retirees had the option to use the online Membership system for Open Enrollment. For Direct Bill members who needed assistance, they had the option to contact the Call Center for assistance with their enrollment changes. Those members who elected to make no health plan enrollment changes did not need to take any action, as Direct Bill members were not required to re-enroll. Their current election would roll forward for Plan Year 2022.

### Plan Year 2022 enrollment numbers for all Direct Bill members as of November 24, 2021:

Direct Bill Pre-Medicare Enrollment:

Vendor	Plan A	Plan C	Plan J	Plan N
Aetna	6	4	2	3
BCBSKS	94	180	4	24
<b>Total</b>	<b>100</b>	<b>184</b>	<b>6</b>	<b>27</b>

Direct Bill Medicare-Eligible Enrollment:

Vendor	Senior Plan C	Senior Plan C Select	Senior Plan G	Senior Plan G Select	Senior Plan N
BCBSKS	6,593	369	370	66	222

Direct Bill Medicare Part D Prescription Drug Plan Enrollment:

Vendor	Premier	Economy
SilverScript	1,816	355

Direct Bill Medicare Advantage Plan Enrollment:

Vendor	Advantra Freedom PPO	Advantra Elite PPO
Aetna	239	605

Direct Bill Members Enrollment:

Vendor	Dental	Basic Vision	Enhanced Vision
Delta Dental	8,579		
Avēsis Vision		1,065	4,465

### NON STATE PUBLIC EMPLOYERS

K.S.A. 75-6506(c) authorizes the Kansas State Employees Health Care Commission to designate by rules and regulations the inclusion of public schools and certain local governmental entities into the SEHP. The following chart shows the enrollment by type of eligible group as of January 1, 2022:

<b>Summary</b>	<b>Number of Groups</b>	<b>Covered Employees</b>
Educational Entities	20	1,443
Cities	40	218
Counties	14	1,390
Townships	1	1
Public Hospitals & Community Mental Health Centers	16	1,024
Misc. Local Governmental Entities	40	270
<b>Total</b>	<b>131</b>	<b>4,346</b>

### III. HEATHQUEST WELLNESS PROGRAM HIGHLIGHTS

#### WELLNESS PROGRAM

The SEHP's HealthQuest (HQ) wellness program continues to offer assistance, resources, and educational opportunities for members, and creates a healthier workplace, a better quality of life, and helps decrease overall healthcare costs.

Participation remains high, even in 2021 with the pandemic continuing to alter many people's lifestyles and habits. As of November 30, 2021, 22,840 members (79.8%) completed their Personal Wellness Assessment, which helps them customize their HQ portal with activities and programs designed to meet their specific needs.

In response to the COVID-19 pandemic, the HCC voted to reduce the number of credits required for members to earn the annual premium incentive discount of \$480 from, 40 credits to 20 credits for Plan Year 2020. The HCC then voted to return the requirement to 40 credits for 2021 as the SEHP created additional learning modules and online activities to provide participants more opportunities to earn credits during the pandemic. Even after the change back to the 40 credits, participation in many activities and challenges remains high for 2021. The implementation of a New Member Onboarding monthly webinar as well as additional learning webinars have proven successful at creating additional engagement with members.

#### **2021 Premium Incentive Earned (20+ Credits)**

Total: 23,491 (Plan A: 8,093 // Plan C: 12,941 // Plan J: 343 // Plan N: 1,873 // Plan Q: 241)

#### **Through November 2021:**

- 50,603 SEHP members and spouses were eligible to access HealthQuest as a wellness resource
- 56.7%, or 28,710 participants activated their HealthQuest account
- 61.8%, or 17,743 participants who have active HealthQuest accounts earned their premium incentive discount for 2022
- 58.1%, or 16,683 participants completed a biometric screening activity (Onsite; Home Test Kit, or Physician form)
- 24,465 participants enrolled in at least one wellness activity during 2021
- 67.3%, or 16,444 of those participants completed the activity and reached the goal needed to earn credits
- 16,311 SEHP members and spouses received their COVID Vaccine Credits through HealthQuest in 2021
- Through November 30, 2021, 3,323 members or spouses engaged in at least one Health Coaching virtual session
- A Virtual Race (5k; 10k; 1 Mile) was introduced with 3,630 members registered and 2,996 (82.5%) completing the event

Since PY 2013, the HQ program has been an integral part of the SEHP, with high participation, even though a member's participation is completely voluntary. Complete details of the HQ Program are available by visiting [www.healthbenefitsprogram.ks.gov/sehp/healthquest/home](http://www.healthbenefitsprogram.ks.gov/sehp/healthquest/home).

## IV. PLAN FINANCIALS

During 2021, the HCC continued to receive financial reports that summarized plan revenues, expenditures, and both current and projected balances of SEHP funds. The HCC focuses on these reports in an ongoing attempt to maintain a healthy reserve balance. Under the guidance of SEHP staff and Segal Actuarial Consultants, in December 2021, the Health Care Commission elected to move from a current year plus three future years reserve projection calculation to a current year plus four years to align with the House Bill 2218. This section summarizes the financial status of the SEHP, including a discussion of funding balances, revenue, and expenses.

### BEGINNING BALANCE

The beginning balance shown in **Table 1** and **Table 2** indicate the total amount of cash in the various funds available to the SEHP. Table 1 is the SEHP statement of the current year plus four future years that was reviewed and approved on December 8, 2021 by the HCC. Funds available to the SEHP are referred to as the beginning/ending “**Balance.**” The beginning balance denotes the funds available at the beginning of each year which includes monies remaining from payroll collections (employees and state agencies), Direct Bill contributions from retirees, COBRA contributions and Non State Public Employer contributions, once all expenses have been paid from the previous plan year. For the Reserve fund managed by the Kansas Pooled Money Investment Board, it is estimated that the interest earned on the fund will be .05% over the long-term, even though the FY 2021 rate was under .05%.

### PLAN REVENUES

Plan revenues are the sums received from contributions made by State agencies, Non State public employers, employees, and retirees, plus interest earned by the Plan. An historical chart (**Figure 2**) based upon fiscal years running from July 1 to June 30 shows experience with fund balances, revenues, and expenses. (**Table 1**) Projected balances, revenues, and expenses are based upon plan years running from January 1 to December 31.

The “**Total Revenues**” amount on **Table 1** for PY 2021 is based upon the contributions made by State agencies, Non State public employers, and employees. The State agency and Non State public employer contributions are adjusted on the first of July each year. The employee contributions are adjusted January 1 of each year. The projections shown in **Table 1** incorporate the estimated impacts of contribution rates in effect for PY 2021, as described above.

### PLAN EXPENSES

Plan expenses are payments for medical, dental, and drug claims, plus related contract administration fees that are paid by the plan. The historical plan expenses (**Table 2**) represent actual experience on a fiscal year basis, whereas projected plan expenses (**Table 1**) are estimates reflecting a long-term managed health care cost trend. The total annualized cost of the SEHP for PY 2021 is estimated to be approximately \$492,204,402, per Table 1. Past experience and future projections for plan contributions, expenses, ending reserve balance, and target reserve are represented in the Projected Reserve Balance (**Figure 3**) that is calculated on the health plan year, which is January 1 through December 31.

### ADMINISTRATION

Administration is the cost to maintain the program, including employee salaries, consulting fees, and other expenses. It is assumed the projection’s costs will grow 2% annually. SEHP administrative costs represent less than 1% of Health Plan expenditures.

### PLAN RESERVES

The HCC’s funding objective in managing the SEHP over the long term is to have a target reserve equal to 10.0 percent of average plan expenses for the three preceding plan years. The target reserve is adjusted for health cost trends over time. **Table 1** shows the projected target reserve for each year based upon a function of Plan Contributions, Plan Expenses, and health care cost trend. The estimated target reserve for health claims in PY 2021 was \$47 million (**Table 1**). Target reserves are projected to rise over time based upon health cost trend.

**Table 2** and **Figure 2** show SEHP balances, revenues, and expenditures from state Fiscal Year (FY) 2011 through FY 2020. These reserves reflect actual historical experience as reported in the Statewide Cost Allocation Plan documents for each state fiscal year and the single state financial audit reports for those years. In PY 2009, legislative action resulted in state agencies not contributing the employer contribution for seven pay periods in FY 2009, resulting in a \$64 million decrease in the fund balance. In FY 2010, legislative



action reduced the fund by \$9.675 million per S.B. 572. In FY 2015, the HCC voted to reduce the State of Kansas employer contribution by 8.5% based on an actuarial analysis to begin the reduction of the current fund balance to meet the target reserve balance. In FY 2016, the HCC voted to hold the State of Kansas employer contribution flat to continue the fund balance reduction towards the target reserve. With these two decisions, the fund balance was reduced. For FY 2022, the HCC voted for a 4.5% State of Kansas employer contribution increase to maintain the financial stability of the Health Plan.

#### **SUMMARY**

In Plan Year 2021, health care costs are approximately within 1% of the projected. Based upon the plan changes implemented by the Health Care Commission (HCC) for PY 2022, including the additional employer and employee contributions, the opinion of the State Employee Health Plan (SEHP) actuaries is that the SEHP should have sufficient funds to pay the health care expenses for a self-funded plan covering approximately 86,000 lives for Plan Year 2022.

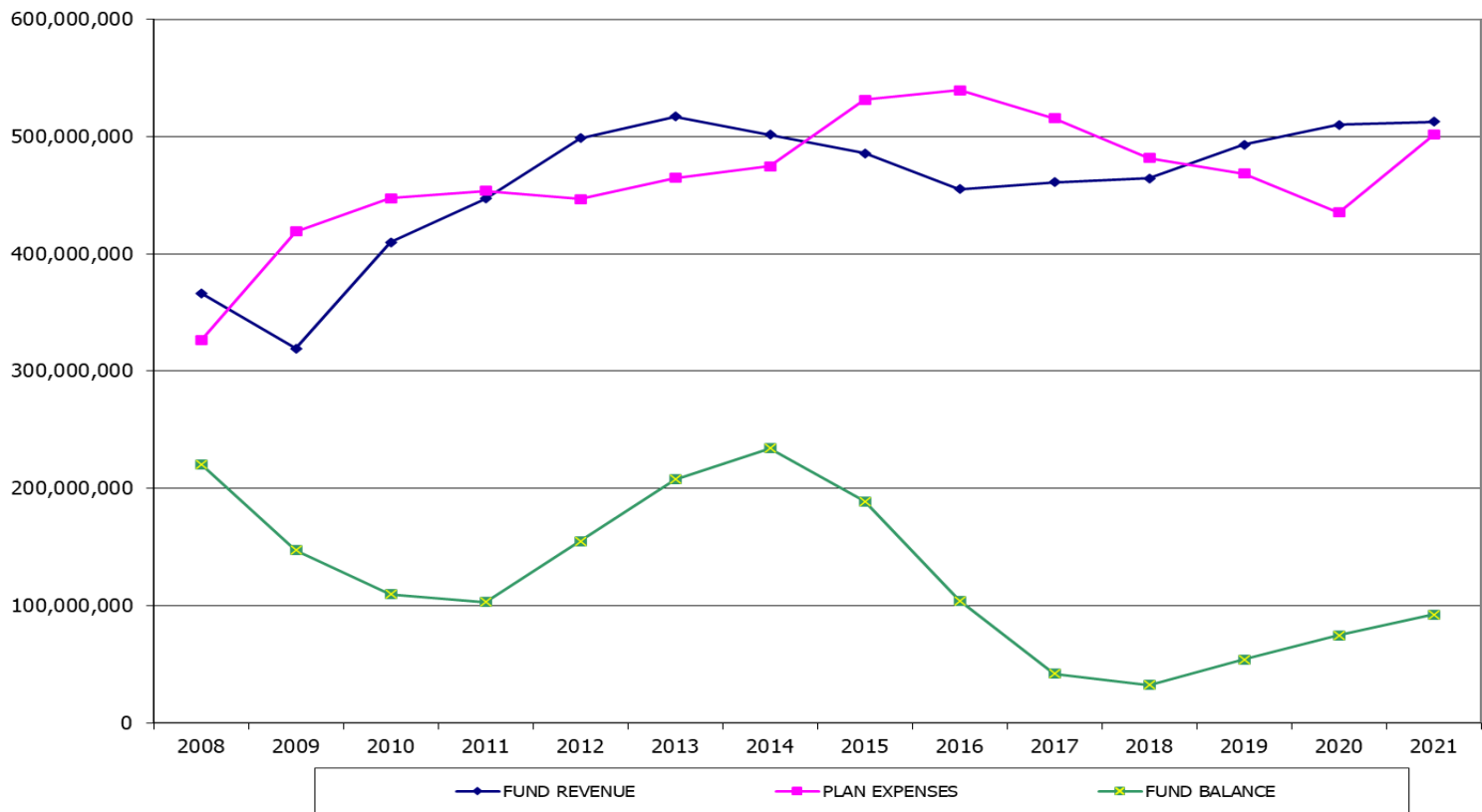
Table 1  
Kansas State Employees Health Care Commission  
Data Through September 2021  
Multi Year Projection

	2021 Actual/Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected
<b>Revenue</b>					
State ER	\$ 304,664,276	\$ 312,402,763	\$ 331,096,885	\$ 354,097,185	\$ 378,700,038
State EE	\$ 74,389,697	\$ 74,243,290	\$ 79,503,038	\$ 85,118,061	\$ 91,112,902
Non-State ER	\$ 49,670,895	\$ 52,659,072	\$ 55,797,831	\$ 59,650,843	\$ 63,770,677
Non-State EE	\$ 11,352,893	\$ 10,831,324	\$ 11,596,913	\$ 12,414,463	\$ 13,287,571
Direct Bill	\$ 32,354,457	\$ 33,124,715	\$ 35,020,510	\$ 37,028,733	\$ 39,156,197
COBRA	\$ 4,167,373	\$ 4,580,951	\$ 4,889,616	\$ 5,219,566	\$ 5,572,283
Voluntary Benefit	\$ 3,821,493	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000
Interest/Other	\$ 267,705	\$ 29,837	\$ 25,180	\$ 21,655	\$ 21,728
Administrative Fund	\$ 3,208,909	\$ 3,184,618	\$ 3,184,618	\$ 3,184,618	\$ 3,184,618
<b>Total</b>	<b>\$ 483,897,698</b>	<b>\$ 494,656,569</b>	<b>\$ 524,714,590</b>	<b>\$ 560,335,124</b>	<b>\$ 598,406,013</b>
<b>Expenses</b>					
Medical Claims	\$ 297,545,041	\$ 306,145,791	\$ 323,926,218	\$ 341,742,160	\$ 360,537,979
Rx Claims	\$ 81,473,876	\$ 82,484,721	\$ 89,630,554	\$ 97,249,152	\$ 105,515,329
Dental Claims	\$ 27,147,104	\$ 27,832,975	\$ 28,667,964	\$ 29,528,003	\$ 30,413,843
Health Savings ER	\$ 29,100,585	\$ 28,228,347	\$ 28,228,347	\$ 28,228,347	\$ 28,228,347
ASO/Premium	\$ 41,772,112	\$ 42,473,421	\$ 44,302,640	\$ 46,227,228	\$ 48,252,620
Voluntary Benefit	\$ 3,821,493	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000
Onsite Clinic (Marathon)	\$ 2,124,795	\$ 2,073,048	\$ 2,114,509	\$ 2,156,799	\$ 2,199,935
Other Contract Fees/Flex	\$ 6,887,095	\$ 7,776,480	\$ 7,932,010	\$ 8,090,650	\$ 8,252,463
PCORI	\$ 164,593	\$ 170,633	\$ 176,896	\$ 183,388	\$ 190,118
Administrative Fund	\$ 2,167,708	\$ 2,110,097	\$ 2,110,097	\$ 2,110,097	\$ 2,110,097
<b>Total</b>	<b>\$ 492,204,402</b>	<b>\$ 502,895,513</b>	<b>\$ 530,689,235</b>	<b>\$ 559,115,824</b>	<b>\$ 589,300,732</b>
<b>Net Cash Flow</b>	<b>\$ (8,306,704)</b>	<b>\$ (8,238,944)</b>	<b>\$ (5,974,645)</b>	<b>\$ 1,219,300</b>	<b>\$ 9,105,281</b>
<b>Beginning Balance (Reserve Fund)</b>	<b>\$ 69,021,173</b>	<b>\$ 59,673,268</b>	<b>\$ 50,359,804</b>	<b>\$ 43,310,639</b>	<b>\$ 43,455,419</b>
<b>Ending Balance (Reserve Fund)</b>	<b>\$ 59,673,268</b>	<b>\$ 50,359,804</b>	<b>\$ 43,310,639</b>	<b>\$ 43,455,419</b>	<b>\$ 51,486,179</b>
<b>Beginning Balance (Administrative Fund)</b>	<b>\$ 7,715,268</b>	<b>\$ 8,756,469</b>	<b>\$ 9,830,990</b>	<b>\$ 10,905,510</b>	<b>\$ 11,980,030</b>
<b>Ending Balance (Administrative Fund)</b>	<b>\$ 8,756,469</b>	<b>\$ 9,830,990</b>	<b>\$ 10,905,510</b>	<b>\$ 11,980,030</b>	<b>\$ 13,054,551</b>
<b>Beginning Balance (Both Funds)</b>	<b>\$ 76,736,441</b>	<b>\$ 68,429,738</b>	<b>\$ 60,190,794</b>	<b>\$ 54,216,149</b>	<b>\$ 55,435,449</b>
<b>Ending Balance (Both Funds)</b>	<b>\$ 68,429,738</b>	<b>\$ 60,190,794</b>	<b>\$ 54,216,149</b>	<b>\$ 55,435,449</b>	<b>\$ 64,540,730</b>
<b>Reserve based on IBNR and Claims Fluctuation</b>	<b>\$ 52,801,583</b>	<b>\$ 54,140,253</b>	<b>\$ 57,489,216</b>	<b>\$ 60,907,511</b>	<b>\$ 64,540,730</b>
<b>Target based on 10% of the Prior 3 years Total Plan Expense</b>	<b>\$ 46,667,920</b>	<b>\$ 47,296,188</b>	<b>\$ 48,409,856</b>	<b>\$ 50,859,638</b>	<b>\$ 53,090,019</b>
<b>Fund Balance vs. Reserve Surplus/(Shortfall)</b>	<b>\$ 15,628,155</b>	<b>\$ 6,050,540</b>	<b>\$ (3,273,067)</b>	<b>\$ (5,472,062)</b>	<b>\$ 0</b>
<b>Fund Balance vs. 10% Target Surplus/(Shortfall)</b>	<b>\$ 21,761,817</b>	<b>\$ 12,894,606</b>	<b>\$ 5,806,293</b>	<b>\$ 4,575,811</b>	<b>\$ 11,450,711</b>
<b>Enrollment (Subscriber)</b>					
Active	36,489	36,148	36,148	36,148	36,148
COBRA	406	441	441	441	441
Non-Medicare Retiree	376	359	359	359	359
Medicare Retiree	8,608	8,569	8,569	8,569	8,569
<b>Total</b>	<b>45,878</b>	<b>45,517</b>	<b>45,517</b>	<b>45,517</b>	<b>45,517</b>
Revenue PEPM	\$ 879	\$ 906	\$ 961	\$ 1,026	\$ 1,096
Expenses PEPM	\$ 894	\$ 921	\$ 972	\$ 1,024	\$ 1,079

**Table 2**  
**State Employees' Health Benefit Program**  
**Statement of Operations History**  
**Fiscal Years 2012 - 2021**

<b>BEGIN FUND BALANCES:</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Reserve Fund										
Non-State	93,902,496.45	143,956,304.14	194,050,142.01	221,414,299.15	177,004,732.94	95,095,498.03	40,824,647.89	30,658,118.13	50,274,861.90	69,351,319.06
Direct Bill	798,404.79	662,522.53	1,626,614.66	1,560,026.82	1,395,728.08	1,284,671.90	1,184,440.10	1,087,317.33	985,171.26	1,881,031.18
Flex Spending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cafeteria	3,201,594.75	3,802,352.61	4,279,051.64	4,662,867.54	4,555,605.86	4,280,097.99	877,551.89	468,729.07	152,403.15	306,902.31
Wellness	4,107,863.47	5,643,695.90	6,201,863.80	5,519,715.80	4,925,153.50	2,560,899.81	2,610,923.67	3,896,894.41	4,671,078.06	5,641,262.46
Other/HSA/DC	915,191.10	1,141,168.12	1,335,336.74	1,114,201.25	918,751.04	983,264.46	793,473.59	1,050,092.18	1,553,956.86	1,879,158.08
	967.45	53.13	31,269.97	140,445.79	148,212.32	2,973.07	0.00	122,174.42	2,911,098.09	3,587,242.48
	<b>102,926,428.01</b>	<b>155,206,106.43</b>	<b>207,524,278.82</b>	<b>234,357,546.35</b>	<b>188,946,183.86</b>	<b>104,225,405.26</b>	<b>46,291,037.14</b>	<b>37,073,235.54</b>	<b>60,548,569.32</b>	<b>82,645,915.57</b>
REVENUES:										
State RH/SA/DC	279,018,233.20	300,747,872.76	292,971,587.87	292,188,919.88	264,252,555.92	260,141,041.28	264,220,950.74	282,599,775.00	\$311,847,668.80	329,554,096.17
State FE	65,937,871.81	63,655,929.05	59,483,689.04	53,425,865.98	54,823,593.84	70,348,594.54	81,560,835.28	85,773,355.11	\$84,988,515.85	80,426,387.06
Non-State/HSA/DC	86,089,715.19	87,369,910.02	85,644,215.15	81,960,661.80	78,052,467.41	83,789,675.57	89,534,881.05	75,229,221.36	\$75,167,598.41	59,436,440.74
Direct Bill	46,307,263.11	46,587,130.00	47,547,541.72	43,357,447.56	42,279,059.82	39,880,647.36	39,886,547.34	37,346,341.62	\$33,035,169.60	36,347,628.62
Flex	17,457,336.19	15,718,094.81	13,452,131.00	11,885,994.83	11,208,763.63	11,210,064.21	11,882,104.91	12,199,935.80	\$12,901,609.28	12,148,932.53
Cafeteria	3,150,560.10	1,997,627.75	1,099,706.93	1,134,865.01	1,165,873.71	1,990,597.27	3,162,329.07	2,892,133.27	\$2,798,624.37	2,630,326.95
Wellness	743,461.40	725,040.58	501,354.35	720,394.40	708,003.19	712,664.58	611,648.30	679,776.13	\$669,104.64	632,113.81
Other/DC	206,718.30	303,586.94	816,763.72	1,293,093.27	2,602,558.10	7,161,192.58	1,493,174.99	10,658,897.35	\$5,060,457.43	3,826,986.20
	<b>498,911,159.30</b>	<b>517,105,181.91</b>	<b>501,522,969.78</b>	<b>485,977,082.73</b>	<b>455,098,835.62</b>	<b>475,104,389.39</b>	<b>492,272,471.68</b>	<b>507,379,435.64</b>	<b>526,468,748.38</b>	<b>525,002,912.18</b>
EXPENSES:										
Claims	381,580,142.08	401,653,681.49	412,354,762.33	466,579,706.24	475,089,536.81	466,279,386.67	424,545,880.16	419,316,654.14	435,641,766.73	444,857,910.95
Other	5,424,145.21	5,182,894.47	5,063,766.12	7,444,944.49	6,465,301.50	6,692,310.89	10,350,173.53	7,640,095.46	7,133,793.71	6,248,260.03
ASO Premiums	40,638,493.21	40,738,725.97	41,698,503.93	42,713,386.18	42,646,887.12	42,593,508.78	41,863,813.82	41,408,132.98	44,603,610.00	45,380,118.26
Flex	16,509,479.45	14,864,970.88	12,718,411.89	11,754,565.20	11,193,402.85	11,199,051.15	11,877,934.41	12,194,820.47	12,447,902.94	11,754,817.05
Admin/DC	2,479,220.93	2,348,946.61	2,385,451.98	2,385,893.11	4,441,485.94	6,274,496.02	2,854,471.36	3,344,398.81	4,544,328.75	5,194,199.06
	<b>446,631,480.88</b>	<b>464,787,009.52</b>	<b>474,689,702.25</b>	<b>531,388,445.22</b>	<b>539,819,614.22</b>	<b>533,038,757.51</b>	<b>501,490,273.28</b>	<b>483,904,101.86</b>	<b>504,371,402.13</b>	<b>513,417,305.43</b>
END FUND BALANCES:										
Reserve Fund	143,956,304.14	194,050,142.01	221,414,299.15	177,004,732.94	95,095,498.03	40,824,647.89	30,658,118.13	50,274,861.90	69,351,319	82,223,797.55
Non-State	662,522.53	1,626,614.66	1,506,026.82	1,395,728.08	1,284,671.90	1,184,440.10	1,087,317.33	985,171.26	1,881,031	1,788,217.95
Direct Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00
Flex Spending	3,802,352.61	4,279,051.64	4,662,867.54	4,555,605.98	4,280,097.99	877,551.89	468,729.07	152,403.15	305,902	466,794.23
Cafeteria	5,643,695.90	6,201,863.80	5,519,715.80	4,925,153.50	2,560,899.81	2,610,923.67	3,896,894.41	4,671,078.06	5,641,262	6,108,569.26
Wellness	1,141,168.12	1,335,336.74	1,114,201.25	918,751.04	983,264.46	793,473.59	1,050,092.18	1,553,956.86	1,879,158	2,121,332.52
Other/HSA/DC	53.13	31,269.97	140,445.79	148,212.32	2,973.07	0.00	122,174.42	2,911,098.09	3,587,242	1,602,850.73
	<b>155,206,106.43</b>	<b>207,524,278.82</b>	<b>234,357,546.35</b>	<b>188,946,183.86</b>	<b>104,225,405.26</b>	<b>46,291,037.14</b>	<b>37,073,235.54</b>	<b>60,548,569.32</b>	<b>82,645,915.57</b>	<b>94,231,522.72</b>

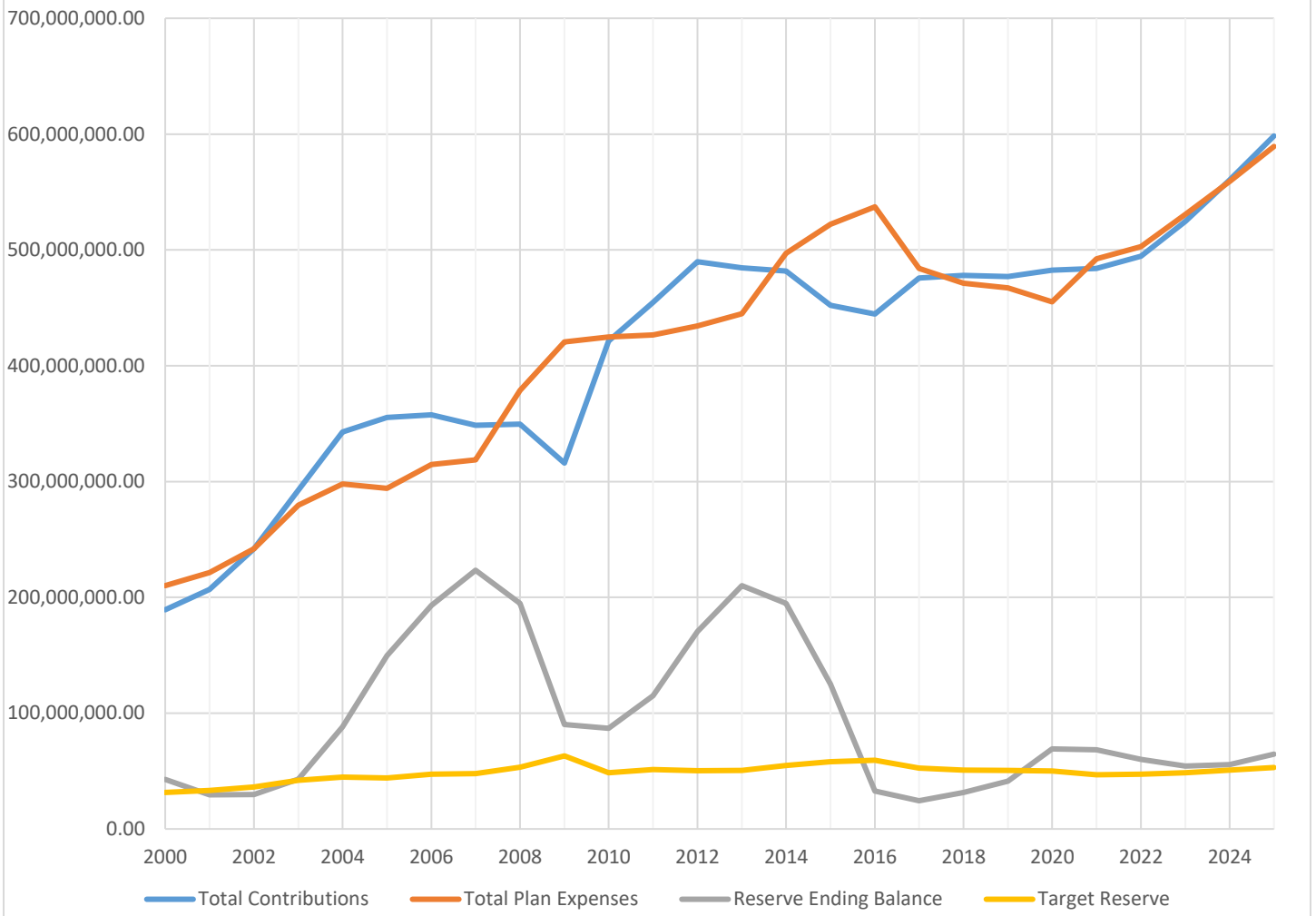
**Figure 1 History of State Employee Health Plan**



**Notes:**

1. Legislative action resulted in state agencies not contributing the employer contribution for seven pay periods in FY 2009, resulting in a \$64 million decrease in the fund balance.
2. In FY 2010, legislative action reduced the fund by \$9.675 million per S.B. 572.
3. Fund Balance includes administrative funds
4. HB 2218 requires the commission to provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing requirements if the plan reserves exceed 10% of the average plan expenses for the preceding three plan years. Further details of the bill can be found in the attached exhibit.

Figure 2  
Projected Reserve Balance  
Annual Contributions, Expenses and Fund Balances



## V. HOUSE BILL 2218

### **Background**

House Bill (H.B.) 2218, passed during the 2021 Legislative session, amended K.S.A. 75-6509 and required the HCC to report on “*the current and projected reserve balance, including as a percentage of total plan expenses. For any reserve balance over 10% of the average plan expenses for the immediately preceding three plan years, the commission shall provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing requirements.*” See Exhibit E for the full text of the H.B. 2218.

### **Actions taken by the HCC related to H.B. 2218**

A few years prior to plan year 2020, the commission was faced with maintaining the health plan reserve balance to keep the health plan solvent. As a result, employees experienced rate increases and additional cost sharing in plan benefits like increased deductibles, copays, and out of pocket maximums. Beginning with plan year 2020, the commission was able to begin changing some of these prior decisions and began to reduce some of the cost share to the members as outlined below.

Specific to Sec. 3 K.S.A. 75-6509, some of the changes to the plan in previous years have already begun to address cost containment and stronger benefit coverage beginning with plan year 2020.

The commission made the following elections for Plan Year 2020 which directly impacted the employee by reducing the cost to the *employee*:

- Elected to keep the annual premium for the employee & employee + child(ren) coverage tiers flat (0%) effective January 1, 2020
- Reduced the annual premium for the employee + spouse and employee family coverage tiers by (-6%) effective January 1, 2020
- Increased the annual employer contribution by (4.5%) effective July 1, 2020
- Reduced the coinsurance for Plan C to 10%

The commission made the following elections for Plan Year 2021 which directly impacted the employee by reducing the cost to the employee:

- Elected to keep the annual premium for the employee & employee + child(ren) coverage tiers flat (0%) effective January 1, 2021
- Reduced the annual premium for the employee + spouse and employee family coverage tiers by (-2%) effective January 1, 2021
- Increased the annual employer contribution by (3%) effective July 1, 2021
- Eliminated the third-tier deductible for Plan A

The commission made the following elections for Plan Year 2022 which directly impact the employee by reducing the cost to the employee:

- Elected to keep the annual premium for the employee & employee + child(ren) coverage tiers flat (0%) effective January 1, 2022
- Reduced the annual premium for the employee + spouse and employee family coverage tiers by (-2%) effective January 1, 2022
- Increased the annual employer contribution by (5%) effective July 1, 2022
- **Changes for Plan A:**
  - Reduced the deductible on Plan A for single coverage by \$100 and family coverage by \$200
  - Reduced the copay for a primary care office visit by \$10
  - Reduced the annual out of pocket maximum for single coverage by \$1,000 and family coverage by \$2,000
  - Reduced the coinsurance for preferred brand name drugs by 5%
  - Reduced the coinsurance for Non Preferred brand name drugs by 5%
- **Changes for Plan C**
  - Reduced the annual out of pocket maximum for single coverage by \$1,000 and family coverage by \$2,000
  - Reduced the coinsurance for Preferred brand name drugs by 5%
  - Reduced the coinsurance for Non Preferred brand name drugs by 5%
- **Changes for Plan J**
  - Reduced the coinsurance for Preferred brand name drugs by 5%

- Reduced the coinsurance for Non Preferred brand name drugs by 5%
- **Changes for Plan N**
  - Reduced the coinsurance for Preferred brand name drugs by 5%
  - Reduced the coinsurance for Non Preferred brand name drugs by 5%

H.B. 2218 also requires the HCC to include a report on the projected reserve balance which is outlined below:

***“For any reserve balance over 10% of the average plan expenses for the immediately preceding three plan years, the commission shall provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing.”***

The chart illustrates the total plan expenses for 2018, 2019, and 2020 (the previous three years) and the projected fund balance for the plan year ending December 2021. The analysis compares the projected ending balance for 2021 to the 10% average of the total plan expenses for the preceding three plan years.

<b>PY 2018 Plan Expenses</b>	<b>PY 2019 Plan Expenses</b>	<b>PY 2020 Plan Expenses</b>	<b>3 Year Total</b>	<b>Avg Exp over preceding 3 years</b>
\$473,356,363	\$469,485,485	\$457,195,649	\$1,400,037,497	\$466,679,166
<b>2021 Current Projected Reserve Fund Balance</b>	<b>2021 Current Projected Target Reserve Fund Balance</b>	<b>HB 2218 Reserve Calculation Amount based on a 10% Avg of the Plan Expenses</b>	<b>Calculation:</b>  <b>\$69,691,672 - \$46,667,916 =</b>  <b>\$23,023,756</b>	
\$69,691,672	\$63,860,812	\$46,667,917		

### **Recommendations:**

Based on the above calculation, as of December 2021, there is a surplus reserve of more than 10% of the average of the total plan expenses for the previous 3 years of \$21,791,817. The HCC will continue to evaluate ways to minimize increases to the employee premiums and cost sharing for the covered benefits provided by the plan such as reducing deductibles, copayments, coinsurance, and all other benefits available to the members. These types of evaluations have occurred since plan year 2020. The HCC continues to monitor the impact of COVID-19 on members and plan expenses. Members delaying treatments and procedures that they would have normally received could create an increase in plan expenses. The Commission will continue to balance the long-term financial solvency of the health plan with any proposed plan design changes.

**Exhibit A**  
**2021 EMPLOYEE ADVISORY COMMITTEE**

**Brant Barber**  
Judicial Branch

**Barbara Barto**  
Pittsburg State University

**Maria Beebe**  
Kansas State University

**Alexandra Blasi**  
Board of Pharmacy

**Pam Buckhalter**  
Legislative Branch

**Drue Campbell**  
Department of Administration

**Jennifer Dalton**  
Department of Commerce

**Keith Fitzsimmons**  
Retiree

**Steven Grieb**  
Retiree

**Kris Grinter**  
Kansas State University

**Laura Hoppas**  
Department of Transportation

**Marjorie Knoll**  
Retiree

**Courtney Marsh,**  
EAC Secretary  
University of Kansas Medical School

**Luke McClurg**  
Department of Education

**Jacob McLin**  
Department of Corrections

**Mike Mercer**  
Emporia State University

**Hannah Rich,**  
EAC Vice President  
Wichita State University

**Kristy Rizek**  
Department of Transportation

**Roberta Robinson**  
Kansas State University

**Warren Wiebe**  
Board of Healing Arts

**Natalie Yoza,**  
EAC President  
Board of Regents



**EXHIBIT B  
STATE OF KANSAS**

**2021 GROUP HEALTH INSURANCE ENROLLMENT  
BY TYPE OF PARTICIPANT**

<b>Grand Total Covered Lives (State &amp; Non-State Active, Direct Bill, &amp; COBRA)</b>				
<b><u>Type of Participant</u></b>	<b><u>Jan-21</u></b>	<b><u>Apr-21</u></b>	<b><u>Jul-21</u></b>	<b><u>Oct-21</u></b>
Active State Employees	32,964	32,851	32,208	32,085
Active State EE Dependents	31,443	31,317	30,876	30,684
<b>Total Covered Lives</b>	<b>64,407</b>	<b>64,168</b>	<b>63,084</b>	<b>62,769</b>
Direct Bill State Retirees	8,936	8,827	8,803	8,747
Direct Bill State Ret Dependents	71	67	60	51
<b>Total Covered Lives</b>	<b>9,007</b>	<b>8,894</b>	<b>8,863</b>	<b>8,798</b>
COBRA State Participants	319	362	355	401
COBRA State Dependents	179	156	153	208
<b>Total Covered Lives</b>	<b>498</b>	<b>518</b>	<b>508</b>	<b>609</b>
Active Educational Employees	1,285	1,276	1,269	1,281
Active Educational EE Dependents	1,347	1,345	1,344	1,311
<b>Total Covered Lives</b>	<b>2,632</b>	<b>2,621</b>	<b>2,613</b>	<b>2,592</b>
Direct Bill Educational Retirees	72	69	68	69
Direct Bill Educational Ret Dependents	5	4	4	4
<b>Total Covered Lives</b>	<b>77</b>	<b>73</b>	<b>72</b>	<b>73</b>
COBRA Educational Participants	11	9	11	17
COBRA Educational Dependents	4	2	3	6
<b>Total Covered Lives</b>	<b>15</b>	<b>11</b>	<b>14</b>	<b>23</b>
Active City/County/Township Employees	1,555	1,555	1,537	1,538
Active City/County/Township EE Dependents	1,580	1,556	1,553	1,540
<b>Total Covered Lives</b>	<b>3,135</b>	<b>3,111</b>	<b>3,090</b>	<b>3,078</b>
Direct Bill City/County/Township Retirees	68	69	69	73
Direct Bill City/County/Township Ret Deps				1
<b>Total Covered Lives</b>	<b>68</b>	<b>69</b>	<b>69</b>	<b>74</b>

<b>Type of Participant</b>	<b>Jan-21</b>	<b>Apr-21</b>	<b>Jul-21</b>	<b>Oct-21</b>
COBRA City/County/Township Participants	4	9	13	17
COBRA City/County/Township Dependents	2	3	4	1
<b>Total Covered Lives</b>	<b>6</b>	<b>12</b>	<b>17</b>	<b>18</b>
Active Hospital or Mental Health Center Employees	1,004	1,007	1,012	1,005
Active Hospital or Mental Health Center EE Dependents	829	831	824	834
<b>Total Covered Lives</b>	<b>1,833</b>	<b>1,838</b>	<b>1,836</b>	<b>1,839</b>
Direct Bill Hospital or Mental Health Center Retirees	18	18	19	19
Direct Bill Hospital or Mental Health Center Ret Deps				
<b>Total Covered Lives</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>
COBRA Hospital or Mental Health Center Participants	7	7	8	6
COBRA Hospital or Mental Health Center Dependents	1	4	2	2
<b>Total Covered Lives</b>	<b>8</b>	<b>11</b>	<b>10</b>	<b>8</b>
Active All Other Non State Employees	191	194	212	238
Active All Other Non State EE Dependents	153	154	160	165
<b>Total Covered Lives</b>	<b>344</b>	<b>348</b>	<b>372</b>	<b>403</b>
Direct Bill All Other Non State Retirees	19	20	20	20
Direct Bill All Other Non State Ret Deps	1	1	1	1
<b>Total Covered Lives</b>	<b>20</b>	<b>21</b>	<b>21</b>	<b>21</b>
COBRA All Other Non State Participants	2			
COBRA All Other Non State Dependents	1			
<b>Total Covered Lives</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Contracts	<b>46,455</b>	<b>46,273</b>	<b>45,604</b>	<b>45,516</b>
<b>Total Covered Lives</b>	<b>82,071</b>	<b>81,713</b>	<b>80,588</b>	<b>80,324</b>

Exhibit C		
2021 New Non State		
Start Date	Group Name	Type
10/01/2021	City of Conway Springs	Local Government
08/01/2021	Doniphan County Conservation District	Other
10/01/2021	Rolling Prairie Extension District	Other

**Exhibit D**  
**Kansas State Employees Health Care Commission**  
**Plan Year 2021 Estimated Annualized Costs (Unaudited)**

	<u><b>Annualized</b></u>
1 <b>Projected Total Cost<sup>1</sup></b>	<b>\$492,204,402</b>
2    2021 Estimated Cost <sup>1</sup>	
Medical Claims	\$297,545,041
Rx Claims	\$81,473,876
Delta Dental of Kansas	\$27,147,104
Health Savings/Health Reimbursement	\$29,100,585
ASO Premiums	\$41,772,113
Voluntary Benefits	\$3,821,493
Other Contracts fees /Flex	\$6,887,095
Affordable Care Act Fees	\$164,593
Onsite Clinic	\$2,124,795
Administrative Fund fees	\$2,167,708
<b>TOTAL</b>	<b>\$492,204,402</b>
3    State and Non State Employee, COBRA, Direct Bill Contribution, Administrative Contributions, Voluntary Benefits plus Interest Earned	<b>\$129,562,527</b>
4    State of Kansas and Non State Employer Contributions <sup>1</sup>	
a.    Projected <sup>1</sup>	<b>\$359,311,751</b>
b.    Actual <sup>1</sup>	<b>\$354,335,171</b>
c.    Percent Difference	1.4%

1. The financial information is using the financial statements presented to the HCC at the December 2021 meeting

## EXHIBIT E

### HOUSE BILL No. 2218

AN ACT concerning the Kansas state employees health care commission; changing membership thereon; providing responsibility to balance the healthcare needs of state employees with the financial impact on the state; requiring reports to the legislature on current and projected reserve balances in the state healthcare benefits program; amending K.S.A. 75-6501, 75-6502 and 75-6509 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 75-6501 is hereby amended to read as follows: 75-6501.

(a) Within the limits of appropriations made or available therefor and subject to the provisions of appropriation acts relating thereto, the Kansas state employees health care commission shall develop and provide for the implementation and administration of a state health care benefits program. The state employees health care commission shall balance the healthcare needs of state employees at an affordable cost to the employees with the financial impact on the state.

(b) (1) Subject to the provisions of paragraph (2), the state health care benefits program may provide benefits for persons qualified to participate in the program for hospitalization, medical services, surgical services, nonmedical remedial care and treatment rendered in accordance with a religious method of healing and other health services. The program may include such provisions as are established by the Kansas state employees health care commission, including, but not limited to, qualifications for benefits, services covered, schedules and graduation of benefits, conversion privileges, deductible amounts, limitations on eligibility for benefits by reason of termination of employment or other change of status, leaves of absence, military service or other interruptions in service and other reasonable provisions as may be established by the commission.

(2) The state health care benefits program shall provide the benefits and services required by K.S.A. 75-6524, and amendments thereto.

(c) The Kansas state employees health care commission shall designate by rules and regulations those persons who are qualified to participate in the state health care benefits program, including active and retired public officers and employees and their dependents as defined by rules and regulations of the commission. Such rules and regulations shall not apply to students attending a state educational institution as defined in K.S.A. 76-711, and amendments thereto, who are covered by insurance contracts entered into by the board of regents pursuant to K.S.A. 75-4101, and amendments thereto. In designating persons qualified to participate in the state health care benefits program, the commission may establish such conditions, restrictions, limitations and exclusions as the commission deems reasonable. Such conditions, restrictions, limitations and exclusions shall include the conditions contained in K.S.A. 75-6506(d), and amendments thereto. Each person who was formerly elected or appointed and qualified to an elective state office and who was covered immediately preceding the date such person ceased to hold such office by

the provisions of group health insurance or a health maintenance organization plan under the law in effect prior to August 1, 1984, or the state health care benefits program in effect after that date, shall continue to be qualified to participate in the state health care benefits program and shall pay the cost of participation in the program as established and in accordance with the procedures prescribed by the commission if such person chooses to participate therein.

(d) (1) Commencing with the 2009 plan year that begins January 1, 2009, if a state employee elects the high deductible health plan and health savings account, the state's employer contribution shall equal the state's contribution to any other health benefit plan offered by the state. The cost savings to the state for the high deductible health plan shall be deposited monthly into the employee's health savings account up to the maximum annual amount allowed pursuant to 26 U.S.C. § 223(d), as amended, for as long as the employee participates in the high deductible plan.

(2) If the employee had not previously participated in the state health benefits plan, the employer shall calculate the average savings to the employer of the high deductible plan compared to the other available plans and contribute that amount monthly to the employee's health savings account up to the maximum annual amount allowed pursuant to 26 U.S.C. § 223(d), as amended.

(3) The employer shall allow additional voluntary contributions by the employee to their health savings account by payroll deduction up to the maximum annual amount allowed pursuant to 26 U.S.C. § 223(d), as amended.

(e) The commission shall have no authority to assess charges for employer contributions under the student health care benefits component of the state health care benefits program for persons who are covered by insurance contracts entered into by the board of regents pursuant to K.S.A. 75-4101, and amendments thereto.

(f) Nothing in this act shall be construed to permit the Kansas state employees health care commission to discontinue the student health care benefits component of the state health care benefits program until the state board of regents has contracts in effect that provide student coverage pursuant to the authority granted therefor in K.S.A. 75-4101, and amendments thereto.

(g) (1) On and after July 1, 2018, the commission shall designate claimants, as defined in K.S.A. 2020 Supp. 60-5004, and amendments thereto, as qualified to participate in the state health care benefits program. The commission shall implement this subsection in accordance with applicable federal law, including, but not limited to, the employee retirement income security act of 1974 and any regulations issued by the United States department of the treasury.

(2) A claimant shall have 31 calendar days from the date of judgment entered pursuant to K.S.A. 2020 Supp. 60-5004, and amendments thereto, to complete or decline enrollment in the state health care benefits program. A claimant shall be qualified to participate in the state health care benefits program for the remainder of the plan year

when judgment is entered pursuant to K.S.A. 2020 Supp. 60-5004, and amendments thereto, and for the next ensuing plan year. A claimant shall not be qualified to elect a high-deductible health plan and health savings account under the state health care benefits program.

(3) Costs of premiums under the state health care benefits program for a claimant shall be paid from the tort claims fund established by K.S.A. 75-6117, and amendments thereto, and shall not be charged to the claimant. A claimant shall be responsible to pay any applicable copayments, deductibles and other related costs under the state health care benefits program.

(4) A claimant may elect to include the claimant's dependents under the state health care benefits program. For any covered dependents, the claimant shall be responsible to pay the costs of premiums, copayments, deductibles and other related costs under the state health care benefits program.

(5) The secretary of health and environment or the secretary's designee shall provide assistance to a claimant to obtain and maintain coverage under the state health care benefits program pursuant to this subsection, including: Enrollment; maintenance of related records; and other assistance as may be required or incidental to implement this subsection.

Sec. 2. K.S.A. 75-6502 is hereby amended to read as follows: 75- 6502. (a) There is hereby established the Kansas state employees health care commission which is composed of five seven members as follows: (1) The commissioner of insurance; (2) the secretary of administration; (3) a current state employee in the classified service under the Kansas civil service act who is currently enrolled in the state healthcare benefits program group health insurance medical plan, appointed by the governor; (4) a person who retired from a position in the classified service under the Kansas civil service act state service and who is currently enrolled in the state healthcare benefits program group health insurance medical plan, appointed by the governor; and (5) a representative of the general public, appointed by the governor; (6) a member of the senate ways and means committee, appointed by the president of the senate; and (7) a member of the house of representatives appropriations committee, appointed by the speaker of the house of representatives. A state officer or employee may not be appointed as the member representative of the general public.

(b) Each member appointed under this section by the governor shall serve at the pleasure of the governor. The member appointed by the president of the senate shall serve at the pleasure of the president of the senate, and the member appointed by the speaker of the house of representatives shall serve at the pleasure of the speaker of the house of representatives. Not more than three five members of the commission shall be members of the same political party.

(c) The chairperson of the commission shall be designated by the governor. The commission shall meet at least once each calendar quarter and at such other times as may be required on call of the chairperson or any three members thereof.

(d) A quorum of the Kansas state employees health care commission shall be three four. All actions of the commission shall be taken by a majority of all of the members of the commission.

(e) Members of the Kansas state employees health care commission attending meetings of such commission, or attending a subcommittee meeting thereof authorized by such commission, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

Sec. 3. K.S.A. 75-6509 is hereby amended to read as follows: 75- 6509. Commencing with the regular session of the legislature in 1985 and with each regular session of the legislature thereafter, the Kansas state employees health care commission shall submit to the president of the senate and to the speaker of the house of representatives, on the day the governor's budget report is submitted to the legislature, recommendations with respect to the state health care benefits program together with estimates of the cost of the program proposed by the commission, including a five-year projection of the cost of the program, and the estimated cost of admitting each entity pursuant to subsection (c) of K.S.A. 75-6506(c), and amendments thereto. The recommendations shall include a report on the current and projected reserve balance, including as a percentage of total plan expenses. For any reserve balance over 10% of the average plan expenses for the immediately preceding three plan years, the commission shall provide recommendations for reducing reserves by minimizing increases to employee contributions or cost-sharing requirements. Together with the recommendations submitted, the commission shall include alternatives for cost containment and benefit coverage for qualified persons for both the proposed program and the five-year projected program. The commission shall also submit any recommendations for legislation with respect to the state health care benefits program.

Sec. 4. K.S.A. 75-6501, 75-6502 and 75-6509 are hereby repealed. Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.